EXHIBIT B

EXPERT REPORT OF CHARLES M. MOORE, CPA
MANAGING DIRECTOR OF ALVAREZ & MARSAL NORTH AMERICA, LLC,
RESTRUCTURING ADVISOR TO
THE ROMAN CATHOLIC DIOCESE OF ROCKVILLE CENTRE, NEW YORK

MOORE
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I. INTRODUCTION

A. Scope of Engagement

I am a Managing Director of Alvarez & Marsal North America, LLC ("**A&M**"), a financial consulting firm that provides global leadership, problem solving and value creation for organizations across industries and around the world. A&M was initially engaged as a restructuring advisor by The Roman Catholic Diocese of Rockville Centre, New York (the "Debtor" or the "Diocese") on December 14, 2018. A&M was formally retained in the Diocese's chapter 11 case on November 4, 2020 nunc pro tunc to October 1, 2020. Since then, A&M personnel providing services to the Debtor have worked closely with the Debtor's management and other professionals in assisting with the myriad requirements of this chapter 11 case.

As the lead Managing Director at A&M responsible for this engagement, I have become familiar with the Diocese's day-to-day operations, financial affairs, and books and records through review of certain financial documents, discussions with the Diocese's management, and discussions with the Diocese's other professionals. I worked with the Debtor's senior management on the operational and financial outlook for the Debtor's business and the formulation of various restructuring alternatives. This included working with the Bishop, Vicar General, Chief Operating Officer and General Counsel, Chief Financial Officer, other employees of the Debtor, the Debtor's counsel, and other engaged professionals to develop restructuring and strategic alternatives, to plan activities necessary to implement such options, and to present such findings and recommendations to creditor constituents and other key stakeholders in this case. All services and activities performed in connection with this engagement were either performed by me or under my supervision by employees of A&M.

B. Qualifications of Charles M. Moore

I have over twenty-five years of experience providing turnaround consulting and advisory services to organizations in a variety of industries. I have substantial knowledge and experience serving in senior management positions and as a restructuring advisor in large reorganizations and in assisting troubled organizations with stabilizing their financial condition, analyzing their operations, and developing an appropriate business plan to accomplish the necessary restructuring of their operations and finances. I have served as a restructuring advisor to, among others, Stanadyne LLC, FirstEnergy Solutions, Noranda Aluminum, and the City of Detroit in their bankruptcy proceedings, along with numerous other organizations outside of bankruptcy, including multiple Catholic Dioceses. I have experience working with companies in a variety of industries, including energy, automotive, manufacturing, hospitality, and gaming.

I have been involved in developing and assessing business plans and financial projections in over a hundred matters throughout my career. I have won numerous awards for my work in turning around organizations and helping them become more efficient.

I received my bachelor's degree and MBA from Michigan State University and I am a Certified Public Accountant, a Certified Turnaround Professional, and I am certified in Financial Forensics. Prior to joining A&M, I was a Senior Managing Director at Conway MacKenzie, Inc., served as Chief Financial Officer of Horizon Technology Group, and began my career in the Management Solutions & Services consulting group at Deloitte & Touche. I am also a past President and former member of the Board of Directors for the Detroit Chapter of the Turnaround Management Association. In 2008, I was honored by *Crain's Detroit Business* through selection to the class of "40 Under 40" and in 2006, I was named one of twelve 'People to Watch – Business Professionals Making Their Mark' by *Turnarounds & Workouts*.

I hold memberships in the Turnaround Management Association, American Bankruptcy Institute, American Institute of Certified Public Accountants and Michigan Institute of Certified Public Accountants.

Attached as **Exhibit A** are my Curriculum Vitae and listing of publications I have authored in the previous ten years.

C. Prior Testimony

I previously provided declarations in this case including (i) a declaration in support of the Debtor's motion for entry of an order authorizing the Debtor to continue its gift annuity program, (ii) a declaration in support of the Debtor's motion for authorizing the private sale of certain real property free and clear of liens, claims, interests, and encumbrances (iii) two separate declarations in support of the Debtor's motion for a preliminary injunction, (iv) a declaration in support of chapter 11 petition and first day pleadings, (v) a declaration in support of the Debtor's objection to the motion of the official committee of unsecured creditors pursuant to bankruptcy rule 2004 directing the Debtor to produce electronically stored accounting information, (vi) written direct testimony in support of the Debtor's motion for a preliminary injunction and (vii) an affidavit filed in support of a motion for a stay pending appeal of the Diocese's motion to dismiss several state court Child Victims Act ("CVA") cases pending prior to the Diocese's bankruptcy filing. I also provided deposition testimony in support of the Debtor's Motion for a Preliminary Injunction.

Refer to **Exhibit B** for a listing of other cases where I have testified as an expert or fact witness at trial or by deposition.

D. Report Qualifications

The information in this report is presented as of the date of this report. The opinions and conclusions expressed herein are subject to change based on additional data, facts and information that may be received subsequent to the date of this report. In addition, it is possible that I may be asked at a future date to review and respond to a report issued by any expert(s) retained by other parties in interest related to the motion filed by the Official Committee of Unsecured Creditors ("UCC") seeking dismissal of this chapter 11 case (the "Motion").

E. Materials Considered in Reaching Opinions

Attached as **Exhibit C** is a listing of the materials I considered in reaching my opinions. I also considered discussions with the Debtor's employees, as well as the Debtor's third-party consultants and advisors.

F. Statement of Compensation

A&M is being compensated for my work at a rate of $1,325 per hour plus any out-of-pocket expenses. Additionally, A&M receives compensation for actual hours incurred for staff working under my direction at hourly rates ranging from $300 to $1,325, plus any out-of-pocket expenses.

II. EXPERT OPINIONS

OPINION #1 - Dismissal of the chapter 11 case will result in a lower recovery for many creditors than a confirmed plan of reorganization, making a plan of reorganization a better outcome for creditors than dismissal.

A. Value of the Debtor's Assets Outside of Chapter 11

If the Motion is granted, there would not be a confirmed plan of reorganization and, as such, the Debtor would incur certain costs that it would not incur under a confirmed plan of reorganization. Further, there would be no new contributions coming into the estate from third parties that could be used to satisfy claims against the Debtor. Since no contributions to the estate would be made outside a confirmed plan of reorganization and some claimants will be unable to pursue claims against third parties, creditors will face lower recoveries upon dismissal than under a plan of reorganization. To estimate the value of the Debtor's assets that may be available to claimants if the case is dismissed, I prepared a liquidation analysis of the Debtor. A liquidation analysis is a process used to estimate the value of a debtor's assets and the proceeds that could be generated in the event of a liquidation. While it is not expected that the Debtor would be liquidated if the case is dismissed, the liquidation analysis is a reasonable

proxy for the value of assets that could be available for claimants that successfully pursue claims against the Diocese outside of chapter 11.

B. Liquidation Analysis Assumption Overview

1. All of the assets of the Diocese were identified, including tangible assets such as property, plant, and equipment, as well as other assets such as the hospital recoverable and amounts due from other entities.

2. The value of each asset was then adjusted for (i) expected changes in the balance of the asset between February 28, 2023 (the date of the most recently available balance sheet) and May 31, 2023 (the "Liquidation Date") and (ii) any impact to the asset that may render it fully or partially unavailable for sale (e.g., restricted cash is removed from the cash balance used to determine the liquidation value of cash available to pay unsecured creditors in a dismissal).

3. The liquidation value of each asset was estimated using high, medium and low scenarios. The liquidation value is the amount of proceeds that may be generated in the event of a sale or liquidation of the asset. Given the circumstances of a sale in this scenario, the assumption is made that the respective asset values will be less than the market values of the assets if sold in the ordinary course due to timing and constraints on the ability to market or negotiate the sale.

4. The outstanding amount of any secured debt associated with that asset is then deducted from the liquidation value of each asset. This determines the remaining amount of proceeds that could be utilized from the sale of the asset.

5. Chapter 11 administrative claims are then subtracted from the net proceeds available after payment of secured debt.

6. The costs associated with the liquidation process, such as wind down expenses, claims processing costs, litigation costs, and broker fees were estimated.

7. The estimated costs are deducted from the total liquidation value to determine the potential net proceeds available for distribution to creditors who are successful in pursuing claims against the Debtor. I have assumed

that the Debtor's statutory workers compensation obligations would be satisfied from assets dedicated to such program.

I have assumed that the liquidation would occur over an approximately nine-month time period. This assumption is consistent with assumptions utilized for hypothetical liquidation analyses in other chapter 11 cases. In the Debtor's view, nine months is the minimum time period that would be required to complete the sale of substantially all of the Debtor's unrestricted assets, monetize and collect receivables and other unrestricted assets of the Debtor, dispose of its wholly-owned non-debtor captive insurance company, Ecclesia Assurance Company ("Ecclesia"), and administer and wind-down the estate. The analysis assumes that the liquidation process would begin immediately after dismissal, with minimal employee and operating costs continuing during the liquidation process. The Debtor's assets and Ecclesia would be marketed on an accelerated timeline, and asset sales would generally occur within the nine-month wind-down period. Asset values in the liquidation process are assumed to be driven by, among other factors: the accelerated time frame in which the assets are marketed and sold, loss of key personnel, negative public sentiment, and damage to the Debtor's brand; and the general forced nature of the sale.

1. Liquidation Proceeds

   a. Cash and Cash Equivalents – Represents Cash and Cash equivalents of the Debtor as of the Liquidation Date based on the Debtor's most recent financial projections which are included in section B under Opinion #2 in this report, segregated between restricted and unrestricted balances. Restricted cash balances generally reflect donor-imposed restrictions on use and disposition and accordingly such amounts are excluded from the Liquidation Proceeds (restricted cash at PSIP includes the $7.6mm deposited with the State of New York on account of the Debtor's workers' compensation liabilities). The Debtor estimates a 100% recovery on the unrestricted cash balances.

   b. Investments – Represents investments of the Debtor as of the Liquidation Date based on the Debtor's most recent financial projections, segregated between restricted and unrestricted. Restricted investment balances reflect donor-imposed restrictions on use and disposition and accordingly such amounts are excluded from the Liquidation Proceeds. The Debtor estimates a 100% recovery on unrestricted investments.

   c. Accounts Receivable – Accounts receivable are comprised of invoiced and accrued third party receivables, including receivables from the parishes, and other non-trade receivables. Accounts Receivable is presented based on the Debtor's most recent financial statements and is adjusted for amounts assumed to be uncollectable which include (i) amounts owed to the Diocese by parishes (e.g. Cathedraticum and insurance premiums), (ii) restricted accounts receivable (e.g. Non-School Assessments), and (iii) reimbursements owed to the Diocese by reinsurers and Catholic Health Services for claims to be paid by the Diocese

in the future. Certain of the above Accounts Receivables do not have a contractual basis. Estimated recovery percentages for the adjusted balance of accounts receivable are between approximately 25% and 50% based on the estimated amount an arm's length purchaser or a collections firm would pay for such Accounts Receivable.

d. Contributions Receivable – Contributions receivables reflect unconditional donor pledges at face value. As the pledges are both donor-restricted and highly unlikely to be enforceable in a liquidation they are valued at zero. Additional pledges not reflected on the financial statements are conditional and thus could not be collected in a liquidation.

e. Prepaid Expenses – Primarily comprised of insurance premiums, professional fees, and deferred expenses. Prepaids are presented based on the Debtor's most recent financial statements. Prepaid insurance recoveries are estimated to be $0 based on the minimum earned premium included in the Diocese's insurance agreements with third party insurers. Prepaid professional fees are assumed to be recovered 100% and applied against administrative professional fee claims in a liquidation scenario. Deferred expenses are recovered at 0% of current financial statement balances given that they will be significantly depleted by the time a liquidation is completed.

f. Due from Other Entity – Interfund receivables are comprised of amounts due to/from primarily the Diocese's pension plan, medical plan, PSIP, Propagation of the Faith and other restricted funds. Due from balances not related to intra-Debtor balances are assumed to be recovered at 100%. Amounts owed from one Debtor fund to another Debtor fund are consolidated and eliminated within this Liquidation Analysis.

g. Property, Plant & Equipment (net) – The remaining balance of land, building, and equipment, which primarily includes furniture, fixtures, capital and project improvements, and software and computers is estimated to be materially consistent with the Debtor's most recent financial statements. Pro forma balances are presented net of depreciation and amortization. Total property, plant & equipment recoveries range from 50% to 70% of pro forma values.

h. Spectrum Assets – the FCC Licenses and Other Assets (as described in Docket 1537, the "Spectrum Assets") contain contractual limitations on sale and therefore I have assumed a $5 - $15 million discount in the value of such assets upon a dismissal.

i. Tower Assets – the liquidation analysis assumes that these assets are sold for net proceeds of $13.3mm.

j. Insurance Proceeds (related to Abuse Claims) – the value of insurance assets is yet to be determined, and while there may be substantial additional cost to pursue insurance in a dismissal scenario, along with the potential of erosion of limits

with respect to defense costs that would not otherwise be incurred, the value of Insurance Proceeds is assumed to be approximately equal in a dismissal to value realized under a chapter 11 plan of reorganization.

k. Insurance Reimbursable – the liquidation analysis assumes that the vast majority of the value of the Insurance Reimbursable is dedicated to the statutory obligations under the workers compensation program and, as such, would not result in net proceeds available to other creditors.

l. Hospital Receivable on Unpaid Losses – the liquidation analysis assumes that the vast majority of the value of the Hospital Receivable on Unpaid Losses is dedicated to the statutory obligations under the workers compensation program and, as such, would not result in net proceeds available to other creditors.

m. Other Assets – Other assets are primarily comprised of lease assets recorded due to a recent accounting pronouncement ($3.2 million) (which are assumed to have no value in a liquidation) and property held for future parish sites ($847,000) which are valued at cost. On a weighted average basis, the Other Assets are assumed to be recovered at 80% ($870,000) which reflects the cost of the property held for future parish sites and de minimis value recovered from other assets with a book value of approximately $250,000.

    i. Ecclesia – There is uncertainty with respect to monetization of Ecclesia in a chapter 11 plan and in a dismissal scenario. While there is some prospect for a dividend through a consensual chapter 11 plan of reorganization, there is no clear path to monetization in dismissal except for perhaps through a loss portfolio transfer to a third party. The outcome is likely similar in both situations, but that is a conservative assumption.

n. Summer Parishes and CFN Studio – these assets, some of which were added to the Debtor's schedules of assets in July 2021, represent assets used by other entities but which remain in the name of the Diocese. The assumed value of these assets is based on an estimate provided by the UCC and the assumed realized value is between 50 – 70% in a liquidation scenario.

o. Other Litigation Assets – The monetization of certain fraudulent transfer claims against the Seminary, Cemeteries, and Department of Education may be pursued. Each potential asset subject to litigation recoveries would need to be pursued by each individual claimant for fraudulent transfer claims on account of the claimant's claim against the Diocese. Such litigation, which could be comprised of hundreds of lawsuits, would diminish the recoverable value available to each subsequent claimant that pursues those same fraudulent transfer claims. The diminution of value associated with defense costs and structural impediments to monetization is assumed to be 75% of the Diocese's assumed value of such assets in the Low dismissal scenario. A 75% discount to

the UCC's assumed value of such assets is used in the High dismissal scenario (this equates to a 48% discount to the Diocese's assumed value). In a chapter 11, such assets are assumed to recover 100% of the Diocese's value in the Low scenario and 100% of the UCC's value in the High scenario.

2. Liquidation Costs

p. Operational Wind Down Costs – Represents an estimate of the costs incurred during a liquidation. Wind down costs primarily include payroll and related expenses, costs to maintain facilities, general liability and other Insurance Policies, and other base operating expenses. Operating expenses are assumed to reduce significantly during a liquidation to between 25% and 35% of projected monthly costs in a going concern scenario.

q. Litigation Costs – assumed to be an additional $250,000 per case in defense costs associated with CVA suits, on top of the cost of administering claims through a settlement trust established as part of a chapter 11 plan of reorganization.

r. Broker Fees – Include the estimated cost to market and dispose of substantially all of the Debtor's land, building, equipment, artwork and religious artifacts. In the Liquidation Analysis, broker fees are estimated to be approximately 2.0% of gross Liquidation Proceeds from these asset classes.

s. Administrative Expenses – comprised of expenses incurred during the post-petition period prior to the dismissal which would ordinarily be accorded administrative priority status in a bankruptcy context and are assumed to receive the same treatment in a dismissal based on the Motion.

   i. The Liquidation Analysis assumes that there are employee-related costs which are estimated to be $1.4 million as of the Liquidation Date, comprised primarily of accrued employee benefit costs. Full time salaried employees are assumed to be paid current immediately prior to the Liquidation Date.

   ii. Post-Petition Professional Fees as of the Liquidation Date are estimated to be $6.1 million. Post-Petition Trade Claims are estimated to be $1.1 million as of the Liquidation Date based on Debtor's most recent financial projections.

   iii. Other Administrative Claims of $3.8 million relate to accrued expenses, lease obligations, and funds held for others.

t. Pension Claims – it is assumed that any withdrawal or termination liability associated with the Debtor's pension obligations would share in recoveries with other creditors. As noted elsewhere, in a dismissal scenario, it is likely that recoveries will be distributed on a first come, first served basis, rather than on a pro rata basis.

Dismissal Analysis

	Assumptions Paragraph	Book Value at 2/28/2023	Adj. to Book Value	Pro Forma BV / FMV	Estimated Recovery (%)			Estimated Recovery ($000)		
					Low	Mid	High	Low	Mid	High
Assets										
Cash and Cash Equivalents	A	$ 38,879,391	$ (18,531,951)	$ 20,347,439	100.0%	100.0%	100.0%	$ 20,347,439	$ 20,347,439	$ 20,347,439
Cash and Cash Equivalents - Restricted	A	32,688,964	(27,425,978)	5,262,986	–	–	–	-	-	-
Investments	B	4,059	-	4,059	100.0%	100.0%	100.0%	4,059	4,059	4,059
Investments - Restricted	B	1,317,736	(1,317,736)	-	–	–	–	-	-	-
Accounts Receivable	C	2,120,498	(1,964,516)	155,982	25.0%	37.5%	50.0%	38,996	58,493	77,991
Accounts Receivable - Restricted	C	959,721	(959,721)	-	–	–	–	-	-	-
Contributions Receivable	D	774,916	(774,916)	-	–	–	–	-	-	-
Prepaid Expenses	E	8,956,685	(7,942,555)	1,014,131	100.0%	100.0%	100.0%	1,014,131	1,014,131	1,014,131
Due from Other Entity	F	433,837	(106,698)	327,139	50.0%	50.0%	50.0%	163,570	163,570	163,570
Property, Plant & Equipment (net)	G	702,588	(405,225)	297,363	50.0%	60.0%	70.0%	148,681	178,418	208,154
Spectrum Assets	H	-	-	-	NA	NA	NA	-	-	-
Tower Assets	I	-	13,325,000	13,325,000	100.0%	100.0%	100.0%	13,325,000	13,325,000	13,325,000
Insurance Proceeds (Abuse Claims) - TBD	J	-	-	-	NA	NA	NA	-	-	-
Insurance Reimbursable	K	37,645,813	(41,880,138)	(4,234,325)	–	–	–	-	-	-
Hospital Receivable	L	28,367,054	(28,367,054)	-	–	–	–	-	-	-
Other Assets Administrative Offices	M	4,293,414	(3,207,823)	1,085,592	80.0%	80.0%	80.0%	868,473	868,473	868,473
Summer Parishes and CFN Studio	N	-	3,000,000	3,000,000	50.0%	60.0%	70.0%	1,500,000	1,800,000	2,100,000
Other Litigation Assets	O	-	48,500,000	48,500,000	25.0%	38.6%	52.2%	12,125,000	18,725,000	25,325,000
Total Gross Liquidation Proceeds		**$ 157,144,675**	**$ (68,059,310)**	**$ 89,085,365**	**55.6%**	**63.4%**	**71.2%**	**$ 49,535,349**	**$ 56,484,583**	**$ 63,433,817**
(-) Less Dismissal Deductions										
(-) Operational Wind Down Expense	P							$ (6,300,000)	$ (5,400,000)	$ (4,500,000)
(-) Incremental Litigation Costs	Q							(162,000,000)	(162,000,000)	(162,000,000)
(-) Broker Fees	R							(990,707)	(1,129,692)	(1,268,676)
(-) Administrative Expenses	S							(12,461,162)	(12,461,162)	(12,461,162)
Total Liquidation Costs								**$ (181,751,869)**	**$ (180,990,854)**	**$ (180,229,838)**
Total Net Dismissal Proceeds ex-Insurance and Spectrum								**$ (132,216,520)**	**$ (124,506,271)**	**$ (116,796,022)**
Adjustments for chapter 11 Plan										
Avoidance of Incremental Litigation Costs	Q							162,000,000	162,000,000	162,000,000
Pachulski Rebate								1,200,000	1,200,000	1,200,000
Other Litigation Assets	O							36,375,000	56,175,000	75,975,000
Incremental Spectrum Value under a Plan	H							15,000,000	10,000,000	5,000,000
Adjustments under chapter 11 Plan								**$ 214,575,000**	**$ 229,375,000**	**$ 244,175,000**
Total Net Proceeds under chapter 11 Plan ex-Insurance and Spectrum								**82,358,480**	**104,868,729**	**127,378,978**
Incremental Benefit of chapter 11 Plan								**214,575,000**	**229,375,000**	**244,175,000**

C. Claims Against the Diocese and Date of Lawsuits Filed

It is my understanding that approximately 150 claimants have filed a claim against the Diocese in its chapter 11 case and have not filed CVA cases against individual parishes or other entities in state court. Since the window for filing CVA cases has closed, a claimant that failed to file a CVA lawsuit by August 14, 2021 will not be able to pursue its claims against those entities. Furthermore, in a dismissal, claims will be adjudicated through the state courts. The process of litigating and settling these claims is expensive and will ultimately reduce the amount of proceeds available for distribution to claimants. In some instances, reimbursement from insurance providers of costs to defend will reduce insurance recoveries available. Finally, the order in which cases are tried can also impact the amount of money recovered by each claimant. Those claimants whose cases are tried earlier may recover the full amount of a settlement or judgment, while those whose cases are heard later may recover nothing, even if they are successful in obtaining a judgment against the Diocese.

In summary, proceeds available to pay claims under a dismissal will be significantly lower than under a chapter 11 confirmed plan of reorganization, impacting all abuse claimants in this case. In addition, the order in which claims are settled or resolved would likely result in a disparity in recoveries by claimants based on timing. Lastly, certain abuse claimants that did not file lawsuits against other third-party affiliates of the Diocese will have no recourse to pursue recoveries against those other parties.

OPINION #2 – THE DEBTOR'S FINANCIAL PERFORMANCE IS SUPPORTIVE OF REHABILITATION AND ITS PROJECTIONS ILLUSTRATE A PATH TO FUTURE VIABILITY

A. Case to Date Performance Excluding Professional Fees

From the petition date of October 1, 2020 through February 28, 2023, the Diocese has reported a Change in Net Assets due to Unrestricted Activity of **-$62.3 million** which includes **$69.5 million** of Reorganization Items (comprised of chapter 11 professional fees).

Excluding Reorganization Items, the Diocese would have reported a positive Change in Net Assets of **$7.2 million** case to date.

Admin Offices Income Statement ($000s)	Feb 2023	Case to Date
Revenue		
Parish Assessments	821	23,516
Unrestricted Donations & Contributions	604	2,083
Admin Services Revenue	291	9,043
Cell Tower Income	267	8,731
Investment Income (Loss)	53	251
Other Revenue	197	8,101
Assets Released from Restricted	351	14,212
Total Unrestricted Revenue	**2,584**	**65,938**
Operating Expenses		
Salaries & Benefits	1,260	37,088
Professional Fees	170	6,094
Insurance Claims Expense	–	–
Rent, Facilities & Utilities	118	4,669
Other Operating Expense	207	8,480
Operating Support Expense	–	1,891
Total Operating Expenses	**1,755**	**58,222**
Reorganization Items	4,019	63,137
Total Expenses	**5,774**	**121,359**
Admin Offices Change in Net Assets due to Unrestr. Activity	**(3,190)**	**(55,421)**
Total Restricted Activity	**1,297**	**11,671**
Admin Offices Change in Net Assets	**(1,893)**	**(43,751)**

PSIP Income Statement	Feb 2023	Case to Date
Revenue		
Insurance Assessments	1,472	39,338
Specific Excess Recoveries	484	11,156
Investment Gains / (Losses)	–	–
Other Revenue	84	905
Total Revenue	**2,039**	**51,399**
Operating Expenses		
Claims Expense	530	13,703
Insurance Expense	1,264	33,631
Bad Debt Expense	–	684
Professional Fees	93	2,110
Salaries & Benefits	59	1,605
Rent, Facility, Utilities	6	132
Other Operating Expenses	1	55
Total Operating Expenses	**1,952**	**51,919**
Reorganization Items	240	6,360
Total Expenses	**2,192**	**58,279**
PSIP Change in Net Assets	**(153)**	**(6,880)**

Total DRVC Change in Unrestricted Net Assets	**(62,301)**
Ex-Reorganziation Items	**69,497**
Total DRVC Change in Unrestr. Net Assets Ex-Reorg Items	**7,196**

B. Projections for the next five years indicate the Diocese has a high likelihood it can meet its obligations as they come due

The Debtor has prepared consolidated Financial Projections for the fiscal years ending August 31, 2023, through August 31, 2028 (the "Financial Projections") contained within this report. The Diocese's operations are comprised of two primary parts – (i) the Administrative Offices, which contains the primary operations of the Diocese, and (ii) the Protected Self Insurance Program ("PSIP"), which contains activities related to the Diocese's insurance operations, excluding Ecclesia. Projections were developed under two scenarios for the Administrative Offices, based on whether the Spectrum Assets are sold or not.

Description of Table 2-1: Administrative Offices Projections Without Spectrum Assets Monetization

a. This scenario assumes the Debtor's Spectrum Assets are not monetized and instead the Diocese continues to receive annual revenue for their use of approximately $4 million. In this scenario, the Administrative Offices are projected to end fiscal year 2028 with $17.5 million of unrestricted cash.

Assumptions for Table 2-1: Administrative Offices Projections without Spectrum Assets Monetization

								YoY Growth						
	FY 2022A	FY 2023E [1]	FY 2024E [2]	FY 2025E	FY 2026E	FY 2027E	FY 2028E	'22 - '23	'23 - '24	'24 - '25	'25 - '26	'26 - '27	'27 - '28	Notes
Revenues														
Parish Assessment	9,859	9,957	10,057	10,158	10,259	10,362	10,465	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	3
Bad Debt Expense - AR	(584)	(1,078)	(1,079)	(1,089)	(1,100)	(1,111)	(1,122)	84.6%	0.0%	1.0%	1.0%	1.0%	1.0%	
Contributions from CHS	600	600	600	600	600	600	600	–	–	–	–	–	–	
Catholic Ministries Appeal, net of Parish Sharing	5,653	5,705	6,075	6,248	6,402	6,563	6,732	0.9%	6.5%	2.9%	2.5%	2.5%	2.6%	
Spectrum/Rent	4,026	4,379	4,403	4,484	4,566	4,650	4,793	8.8%	0.6%	1.8%	1.8%	1.8%	3.1%	4
Bequests & Donations	296	65	84	84	84	84	84	(78.2%)	30.1%	–	–	–	–	
Admin Svc Reimbursement	2,483	2,455	2,599	2,691	2,787	2,887	2,992	(1.1%)	5.9%	3.5%	3.6%	3.6%	3.6%	
Special Collections Income	291	303	303	303	303	303	303	4.3%	–	–	–	–	–	
Chaplaincy & Parish Services	2,496	2,340	2,375	2,411	2,447	2,484	2,521	(6.2%)	1.5%	1.5%	1.5%	1.5%	1.5%	
Other Revenue	889	964	964	964	964	964	964	8.4%	–	–	–	–	–	
Expenses														
Clergy and Religious Payroll & Benefits	2,798	2,973	3,009	3,085	3,163	3,244	3,328	6.2%	1.2%	2.5%	2.5%	2.6%	2.6%	
Lay Payroll & Benefits	12,174	12,448	13,160	13,599	14,057	14,536	15,035	2.2%	5.7%	3.3%	3.4%	3.4%	3.4%	
Events & Travel	207	290	435	457	457	457	457	39.9%	50.2%	5.0%	–	–	–	
Professional & Contractor	4,131	3,500	3,340	3,097	3,090	3,083	3,076	(15.3%)	(4.6%)	(7.3%)	(0.2%)	(0.2%)	(0.2%)	
Rent, Facility, & Utilities	2,097	1,986	2,002	2,057	2,080	2,104	2,128	(5.3%)	0.8%	2.7%	1.1%	1.1%	1.1%	
Postage Printing & Production	530	618	659	663	667	672	677	16.4%	6.7%	0.6%	0.6%	0.7%	0.7%	
Grants	121	121	335	335	335	335	335	(0.1%)	177.5%	–	–	–	–	5
Other Expense	1,682	1,604	1,694	1,733	1,775	1,820	1,871	(4.6%)	5.6%	2.3%	2.4%	2.6%	2.8%	
Other Mission-Related Expenses														
Catholic Charities (CMA)	755	750	750	750	750	750	750	(0.7%)	–	–	–	–	–	
Asset Sales														
Spectrum Monetization Net Proceeds		–												6
Spectrum Monetization Date		N/A												
Tower Sale Net Proceeds		13,325												
Tower Sale Date		8/31/2023												
Other														
Clergy & Religious Salary Annual Increase per Head		2.5%												
Clergy & Religious Fringe Annual Increase per Head		3.5%												
Lay Salary Annual Increase per Head		3.0%												
Lay Medical Expense Annual Increase per Head		10.0%												
Lay Pension/403(b) Cost as % of Salary		11.0%												

Notes:

1 *Fiscal year 2023 projections include 6 months of actuals (through February). The remaining 6 month forecast is based on the 2023 budget and further insight from the DRVC finance team.*

2 *Fiscal year 2024 projections are forecasted based on historicals and insight from the DRVC finance team.*

3 *Gross Assessment Revenue prior to Provision for Bad Debt*

4 *Spectrum true-up revenue included in 2023 to reflect 5.3% increase to contractual revenue based on FCC ruling to allow for 100% use of bandwidth not reflected prior to FY2023. Spectrum revenue would be eliminated if the spectrum assets were sold as contemplated in the ongoing sale process*

5 *Resumption of Canon 1271 payment post emergence in 2024*

6 *N/A*

Table 2-1: Administrative Offices Projections Without Spectrum Assets Monetization

Fiscal Year		2023	2024	2025	2026	2027	2028
		6+6	*Forecast*	*Forecast*	*Forecast*	*Forecast*	*Forecast*
$ in thousands	**Notes**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Revenue:							
Parish Assessment, Gross	A	$9,957.4	$10,056.9	$10,157.5	$10,259.1	$10,361.7	$10,465.3
Bad Debt Expense	A	(1,078.2)	(1,078.5)	(1,089.3)	(1,100.2)	(1,111.2)	(1,122.3)
Catholic Ministries Appeal	B	5,704.5	6,074.5	6,247.7	6,401.6	6,563.0	6,732.4
Spectrum/Rent	C	4,378.6	4,403.1	4,483.6	4,565.9	4,650.4	4,793.0
Admin., Chaplaincy & Parish Services	D,F	4,795.1	4,974.3	5,101.6	5,233.8	5,371.0	5,513.6
Other	E,G,H	1,931.7	1,951.1	1,951.1	1,951.1	1,951.1	1,951.1
Total Revenue		**$25,689.0**	**$26,381.5**	**$26,852.2**	**$27,311.3**	**$27,786.0**	**$28,333.1**
Operating Expenses:							
Clergy Payroll & Benefits	I	2,972.9	3,008.7	3,084.6	3,163.0	3,244.1	3,328.0
Lay Payroll & Benefits	I	12,447.9	13,160.4	13,599.3	14,057.3	14,535.5	15,035.2
Professional & Contractor	N, O	3,500.1	3,339.6	3,097.4	3,090.0	3,082.7	3,075.5
Rent, Facility & Utilities	L	1,986.2	2,002.3	2,057.0	2,080.0	2,103.5	2,127.5
Grants	Q	120.7	335.0	335.0	335.0	335.0	335.0
Program & Other Expense	J, K, M, P, R	2,511.7	2,788.9	2,852.8	2,898.9	2,949.4	3,004.9
Total Operating Expenses		**$23,539.6**	**$24,634.9**	**$25,026.2**	**$25,624.2**	**$26,250.3**	**$26,906.1**
Net Operating Income		**$2,149.4**	**$1,746.6**	**$1,826.0**	**$1,687.1**	**$1,535.7**	**$1,427.0**
Other Mission-Related Expenses:							
Catholic Charities	T	750.0	750.0	750.0	750.0	750.0	750.0
Other Mission-Related Expenses		**$750.0**	**$750.0**	**$750.0**	**$750.0**	**$750.0**	**$750.0**
Net Operating Income after Other Expenses		**$1,399.4**	**$996.6**	**$1,076.0**	**$937.1**	**$785.7**	**$677.0**
Other (Income)/Expense:							
(Gain) Loss on Investment	U	(856.9)	(721.3)	(730.4)	(739.5)	(748.8)	(758.3)
(Gain) Loss on Transfer of Assets	V	(13,325.0)	–	–	–	–	–
Professional Fees - Ch 11 & Other	S	29,184.7	980.0	–	–	–	–
Depr., Amort., & Accretion	W	105.1	73.4	46.6	47.2	47.8	46.6
Change in Restr. Assets & NSA Assets	X	25.9	740.9	740.8	740.7	740.6	740.5
Other Investment Income and Releases	Y	500.4	500.9	500.9	500.9	500.9	500.9
Other (Income)/Expense		**$15,634.2**	**$1,573.9**	**$557.9**	**$549.2**	**$540.4**	**$529.7**
Total Change in Net Assets		**($14,234.8)**	**($577.3)**	**$518.1**	**$387.9**	**$245.3**	**$147.3**
Reconciliation to Net Change in Cash and Investments:							
Change in Working Capital	Z	(5,008.3)	(136.5)	(118.8)	(100.8)	(101.3)	(112.9)
D&A, Accretion and Other	AA	1,183.3	1,151.9	1,135.9	1,147.4	1,159.0	1,168.9
Purchase/Sale of Fixed Assets	V	13,322.7	–	–	–	–	–
(Gain) Loss on Transfer of Assets	V	(13,325.0)	–	–	–	–	–
Net Change in Cash and Investments		**($18,062.1)**	**$438.1**	**$1,535.2**	**$1,434.5**	**$1,303.0**	**$1,203.3**
Beginning Cash and Investments		55,258.9	37,196.8	37,634.9	39,170.1	40,604.6	41,907.6
Net Change in Cash and Investments		(18,062.1)	438.1	1,535.2	1,434.5	1,303.0	1,203.3
Ending Cash and Investments		**$37,196.8**	**$37,634.9**	**$39,170.1**	**$40,604.6**	**$41,907.6**	**$43,110.9**
Less: CMA Cash	BB	(9,573.3)	(9,573.3)	(9,573.3)	(9,573.3)	(9,573.3)	(9,573.3)
Less: NSA Cash	CC	(1,252.2)	(1,261.1)	(1,270.1)	(1,279.2)	(1,288.4)	(1,297.7)
Less: Restricted Cash	DD	(13,984.1)	(13,984.1)	(13,984.1)	(13,984.1)	(13,984.1)	(13,984.1)
Less: Other Non-Operating Cash	EE	(724.8)	(724.8)	(724.8)	(724.8)	(724.8)	(724.8)
Net Available Cash and Investments		**$11,662.4**	**$12,091.6**	**$13,617.8**	**$15,043.2**	**$16,337.0**	**$17,531.0**

Description of Table 2-2: Administrative Offices Projections with Spectrum Assets Monetization

b. This scenario assumes monetization of the Spectrum Assets with one-time net proceeds of $20.0 million in FY2023. There are two assumed methods of monetization. The Diocese could enter into an agreement to borrow funds against either the future proceeds of a Spectrum Assets sale or the future lease revenue. Alternatively, the Spectrum Assets asset can be sold outright through an expedited sale process. In this scenario, the Administrative Offices are projected to end fiscal year 2028 with $14.6 million of unrestricted cash. Other than the Spectrum Assets monetization noted above, this scenario is identical to the Administrative Offices scenario without Spectrum Assets monetization.

Assumptions for Table 2-2: Administrative Offices Projections with Spectrum Assets Monetization

	FY 2022A	FY 2023E [1]	FY 2024E [2]	FY 2025E	FY 2026E	FY 2027E	FY 2028E	YoY Growth '22 - '23	'23 - '24	'24 - '25	'25 - '26	'26 - '27	'27 - '28	Notes
Revenues														
Parish Assessment	9,859	9,957	10,057	10,158	10,259	10,362	10,465	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	3
Bad Debt Expense - AR	(584)	(1,078)	(1,079)	(1,089)	(1,100)	(1,111)	(1,122)	84.6%	0.0%	1.0%	1.0%	1.0%	1.0%	
Contributions from CHS	600	600	600	600	600	600	600	–	–	–	–	–	–	
Catholic Ministries Appeal, net of Parish Sharing	5,653	5,705	6,075	6,248	6,402	6,563	6,732	0.9%	6.5%	2.9%	2.5%	2.5%	2.6%	
Spectrum/Rent	4,026	4,379	–	–	–	–	–	8.8%	(100.0%)	–	–	–	–	4
Bequests & Donations	296	65	84	84	84	84	84	(78.2%)	30.1%	–	–	–	–	
Admin Svc Reimbursement	2,483	2,455	2,599	2,691	2,787	2,887	2,992	(1.1%)	5.9%	3.5%	3.6%	3.6%	3.6%	
Special Collections Income	291	303	303	303	303	303	303	4.3%	–	–	–	–	–	
Chaplaincy & Parish Services	2,496	2,340	2,375	2,411	2,447	2,484	2,521	(6.2%)	1.5%	1.5%	1.5%	1.5%	1.5%	
Other Revenue	889	964	964	964	964	964	964	8.4%	–	–	–	–	–	
Expenses														
Clergy and Religious Payroll & Benefits	2,798	2,973	3,009	3,085	3,163	3,244	3,328	6.2%	1.2%	2.5%	2.5%	2.6%	2.6%	
Lay Payroll & Benefits	12,174	12,448	13,160	13,599	14,057	14,536	15,035	2.2%	5.7%	3.3%	3.4%	3.4%	3.4%	
Events & Travel	207	290	435	457	457	457	457	39.9%	50.2%	5.0%	–	–	–	
Professional & Contractor	4,131	3,500	3,340	3,097	3,090	3,083	3,076	(15.3%)	(4.6%)	(7.3%)	(0.2%)	(0.2%)	(0.2%)	
Rent, Facility, & Utilities	2,097	1,986	2,002	2,057	2,080	2,104	2,128	(5.3%)	0.8%	2.7%	1.1%	1.1%	1.1%	
Postage Printing & Production	530	618	659	663	667	672	677	16.4%	6.7%	0.6%	0.6%	0.7%	0.7%	
Grants	121	121	335	335	335	335	335	(0.1%)	177.5%	–	–	–	–	5
Other Expense	1,682	1,604	1,694	1,733	1,775	1,820	1,871	(4.6%)	5.6%	2.3%	2.4%	2.6%	2.8%	
Other Mission-Related Expenses														
Catholic Charities (CMA)	755	750	750	750	750	750	750	(0.7%)	–	–	–	–	–	
Asset Sales														
Spectrum Monetization Net Proceeds		20,000												6
Spectrum Monetization Date		8/31/2023												
Tower Sale Net Proceeds		13,325												
Tower Sale Date		8/31/2023												
Other														
Clergy & Religious Salary Annual Increase per Head		2.5%												
Clergy & Religious Fringe Annual Increase per Head		3.5%												
Lay Salary Annual Increase per Head		3.0%												
Lay Medical Expense Annual Increase per Head		10.0%												
Lay Pension/403(b) Cost as % of Salary		11.0%												

Notes:

1 *Fiscal year 2023 projections include 6 months of actuals (through February). The remaining 6 month forecast is based on the 2023 budget and further insight from the DRVC finance team.*

2 *Fiscal year 2024 projections are forecasted based on historicals and insight from the DRVC finance team.*

3 *Gross Assessment Revenue prior to Provision for Bad Debt*

4 *Spectrum true-up revenue included in 2023 to reflect 5.3% increase to contractual revenue based on FCC ruling to allow for 100% use of bandwidth not reflected prior to FY2023. Spectrum revenue would be eliminated if the spectrum assets were sold as contemplated in the ongoing sale process*

5 *Resumption of Canon 1271 payment post emergence in 2024*

6 *Assumes minimum net proceeds of any spectrum monetization transaction are equal to approximately 5 years of currently contracted spectrum revenue*

Table 2-2: Administrative Offices Projections with Spectrum Assets Monetization

Fiscal Year		2023	2024	2025	2026	2027	2028
		6+6	*Forecast*	*Forecast*	*Forecast*	*Forecast*	*Forecast*
$ in thousands	**Notes**	**FY 2023**	**FY 2024**	**FY 2025**	**FY 2026**	**FY 2027**	**FY 2028**
Revenue:							
Parish Assessment, Gross	A	$9,957.4	$10,056.9	$10,157.5	$10,259.1	$10,361.7	$10,465.3
Bad Debt Expense	A	(1,078.2)	(1,078.5)	(1,089.3)	(1,100.2)	(1,111.2)	(1,122.3)
Catholic Ministries Appeal	B	5,704.5	6,074.5	6,247.7	6,401.6	6,563.0	6,732.4
Spectrum/Rent	C	4,378.6	–	–	–	–	–
Admin., Chaplaincy & Parish Services	D,F	4,795.1	4,974.3	5,101.6	5,233.8	5,371.0	5,513.6
Other	E,G,H	1,931.7	1,951.1	1,951.1	1,951.1	1,951.1	1,951.1
Total Revenue		**$25,689.0**	**$21,978.4**	**$22,368.6**	**$22,745.4**	**$23,135.6**	**$23,540.1**
Operating Expenses:							
Clergy Payroll & Benefits	I	2,972.9	3,008.7	3,084.6	3,163.0	3,244.1	3,328.0
Lay Payroll & Benefits	I	12,447.9	13,160.4	13,599.3	14,057.3	14,535.5	15,035.2
Professional & Contractor	N, O	3,500.1	3,339.6	3,097.4	3,090.0	3,082.7	3,075.5
Rent, Facility & Utilities	L	1,986.2	2,002.3	2,057.0	2,080.0	2,103.5	2,127.5
Grants	Q	120.7	335.0	335.0	335.0	335.0	335.0
Program & Other Expense	J, K, M, P, R	2,511.7	2,788.9	2,852.8	2,898.9	2,949.4	3,004.9
Total Operating Expenses		**$23,539.6**	**$24,634.9**	**$25,026.2**	**$25,624.2**	**$26,250.3**	**$26,906.1**
Net Operating Income		**$2,149.4**	**($2,656.5)**	**($2,657.5)**	**($2,878.8)**	**($3,114.6)**	**($3,366.0)**
Other Mission-Related Expenses:							
Catholic Charities	T	750.0	750.0	750.0	750.0	750.0	750.0
Other Mission-Related Expenses		**$750.0**	**$750.0**	**$750.0**	**$750.0**	**$750.0**	**$750.0**
Net Operating Income after Other Expenses		**$1,399.4**	**($3,406.5)**	**($3,407.5)**	**($3,628.8)**	**($3,864.6)**	**($4,116.0)**
Other (Income)/Expense:							
(Gain) Loss on Investment	U	(856.9)	(721.3)	(730.4)	(739.5)	(748.8)	(758.3)
(Gain) Loss on Transfer of Assets	V	(33,325.0)	–	–	–	–	–
Professional Fees - Ch 11 & Other	S	29,184.7	980.0	–	–	–	–
Depr., Amort., & Accretion	W	105.1	73.4	46.6	47.2	47.8	46.6
Change in Restr. Assets & NSA Assets	X	25.9	740.9	740.8	740.7	740.6	740.5
Other Investment Income and Releases	Y	500.4	500.9	500.9	500.9	500.9	500.9
Other (Income)/Expense		**($4,365.8)**	**$1,573.9**	**$557.9**	**$549.2**	**$540.4**	**$529.7**
Total Change in Net Assets		**$5,765.2**	**($4,980.4)**	**($3,965.5)**	**($4,178.0)**	**($4,405.1)**	**($4,645.7)**
Reconciliation to Net Change in Cash and Investments:							
Change in Working Capital	Z	(5,008.3)	(136.5)	(118.8)	(100.8)	(101.3)	(112.9)
D&A, Accretion and Other	AA	1,183.3	1,151.9	1,135.9	1,147.4	1,159.0	1,168.9
Purchase/Sale of Fixed Assets	V	33,322.7	–	–	–	–	–
(Gain) Loss on Transfer of Assets	V	(33,325.0)	–	–	–	–	–
Net Change in Cash and Investments		**$1,937.9**	**($3,965.0)**	**($2,948.3)**	**($3,131.4)**	**($3,347.3)**	**($3,589.7)**
Beginning Cash and Investments		55,258.9	57,196.8	53,231.8	50,283.5	47,152.1	43,804.7
Net Change in Cash and Investments		1,937.9	(3,965.0)	(2,948.3)	(3,131.4)	(3,347.3)	(3,589.7)
Ending Cash and Investments		**$57,196.8**	**$53,231.8**	**$50,283.5**	**$47,152.1**	**$43,804.7**	**$40,215.0**
Less: CMA Cash	BB	(9,573.3)	(9,573.3)	(9,573.3)	(9,573.3)	(9,573.3)	(9,573.3)
Less: NSA Cash	CC	(1,252.2)	(1,261.1)	(1,270.1)	(1,279.2)	(1,288.4)	(1,297.7)
Less: Restricted Cash	DD	(13,984.1)	(13,984.1)	(13,984.1)	(13,984.1)	(13,984.1)	(13,984.1)
Less: Other Non-Operating Cash	EE	(724.8)	(724.8)	(724.8)	(724.8)	(724.8)	(724.8)
Net Available Cash and Investments		**$31,662.4**	**$27,688.5**	**$24,731.1**	**$21,590.6**	**$18,234.1**	**$14,635.1**

To evaluate the reasonableness of the assumptions used in the financial projections, each input was reviewed with the Debtor's management and its advisors. The financial projections take into account the assumptions noted below, as well as the current environment in which the Debtor operates, including many economic and financial forces that are beyond the control of the Debtor.

Administrative Offices Receipts Assumptions

a. Parish Assessments – includes a semi-annual assessment as a percentage of parish collections which is paid monthly to the Debtor. Forecast assumes 1% annual assessment revenue growth during 2024 through 2028 and a collection rate of 89%.

b. Release of Restricted Funds from CMA – Consists of a release of restricted funds collected as part of the Catholic Ministries Appeal to reimburse the Debtor's Administrative Offices for costs incurred by certain CMA-funded departments. The forecast assumes transfers from CMA are sufficient to fund 100% of the costs incurred by the CMA-funded departments (assumed to grow at approximately 3% annually during 2025 and beyond).

c. Spectrum and Other Lease Income – Consists of contractual revenue associated with leases of the Spectrum Assets to third-party telecommunications providers. This revenue stream is expected to cease in the scenario that assumes the monetization of the underlying assets during FY2023.

d. Departmental, Chaplaincy & Program Income – Consists of (a) fees paid to the Debtor by participants in a wide variety of diocesan programs such as Pre-Cana, Tribunal, and Diaconate Formation, (b) fees paid to the diocese by hospitals and prisons for chaplaincy services, and (c) fees paid by parishes to the Debtor for the provision of administrative services, such as finance, accounting, human resources, information technology, and payroll. Assumes approximately 1.5% annual growth from 2024-2028.

e. Donations and Other Receipts – Consists of (a) a $600,000 annual contribution from Catholic Health Services ("CHS"), (b) bequests and donations, and (c) other receipts such as parish loan repayments and priest life insurance proceeds. Assumes $600,000 from CHS annually, limited bequests and donations and other inflows consistent with prior years.

f. Administrative Services – Consists of service fees paid by third parties for administrative services provided by the Debtor such as accounting, finance, human resources, information technology, payroll, etc. This revenue is separate from the revenue the Debtor earns for providing similar services to parishes, which is part of the Departmental, Chaplaincy & Program Income described above. This revenue stream is assumed to grow at approximately 3.5% per year as with regular increases in salaries.

g. Investment Income – Consists of interest income earned on money market account balances.

h. Release of Restricted Funds – Consists of the release of restricted funds to unrestricted funds (excluding those collected via the Catholic Ministries Appeal) as expenses are incurred meeting the donor restrictions. Assumes annual releases of restricted funds consistent with prior years.

Administrative Offices Operating Disbursement Assumptions

i. Payroll & Benefits – Represents employee costs which are driven by headcount and inflation assumptions. Assumes 5% annual wage and benefits increases from 2023 to 2024 and 3.2% increases in subsequent years (excludes health insurance premiums which are assumed to increase by 10% annually).

   Note that the Debtor processes certain benefits for parish employees and employees of other entities. These amounts are not reflected in the projections as they are passed through. The Financial Projections include approximately $1 million contributed into the pension plans and 403(b) plans on behalf of the Debtor's employees each year. Depending on performance of the pension plan, the Debtor may not be required to make the entire contribution to the pension. If lower pension contributions are made, cash would increase from what is currently projected. Conversely, if greater contributions are required, cash would decrease from what is currently projected.

j. Canon 1271 and Catholic Group Assessments – Assumes $200,000 of annual assessments paid to the Holy See post-emergence and $211,000 of annual assessments paid to the US Conference of Catholic Bishops and the NY Conference of Catholic Bishops both pre- and post-emergence.

k. Tuition & Student Expenses – Consists of tuition, room & board and other schooling related expenses for undergraduates, priests, and seminarians. Assumes ~10% growth per year.

l. Rent, Facilities & Utilities – Consists of office rental expense, facilities, and utilities costs which are assumed to increase 1-2% per year.

m. PSIP and NYSIF Insurance – Consist of property and casualty and workers' compensation insurance costs incurred by the Debtor. Assumed to grow at 2% per year over the forecast period.

n. Professional Fees & Service Providers – Consists of ordinary course professional fees including those associated with investigations of allegations of abuse. Professional fees are assumed to decline over the medium term as existing abuse-related investigations and other non-abuse related initiatives are completed.

o. Catholic Faith Network – Consists of monthly payments of approximately $55,000 with annual escalations pursuant to the contract.

p. Sacred Heart Institute – Consists of contractual payments pursuant to a tri-party agreement to fund the operations of Sacred Heart Institute for the formation of priests and deacons. The operations are funded by the Archdiocese of NY, the Diocese of Brooklyn and the Debtor. Assumes costs remain flat throughout the projection period.

q. Grants – Consists of grants received from external sources to fund operations, such as grants from the government, foundations, or other charitable organizations. If the diocese has received such grants, they would be considered operating expenses as they are used to fund the ongoing operating expenses.

r. Program and Other Expenses – Consists of direct costs associated with the Diocese's revenue-generating programs and other expenses related to running operations.

Administrative Offices Non-Operating Disbursement Assumptions

s. Chapter 11 Professional Fees – Consists of costs associated with the retained professionals in this chapter 11 case on a post-emergence basis. Assumes all unpaid fees incurred during the chapter 11 case are paid or escrowed upon emergence.

t. Catholic Charities – Expenses associated with the support of the nonprofit organization as part of the Diocese's mission to serve the community. Assumes a constant annual expense of $750,000 over the projection period.

Administrative Offices Non-Operating Disbursement Assumptions

u. (Gain) Loss on Investment – Financial gains or losses that the diocese incurs from its Unitas investments. Assumes investment account returns of 1.3% as a baseline over the projection period.

v. (Gain) Loss on Transfer of Assets – Refers to the cash payment expected to be received from the sale of the tower assets. Net proceeds from the sale are estimated to be $13.3 million.

w. Depreciation, Amortization, and Accretion – Allows the Diocese to spread the cost of its assets and liabilities over time, which helps to match expenses with revenues and improve the accuracy of its accounting.

x. Change in Restricted Assets and NSA Assets – Donations received from individuals or organizations that are earmarked for a particular program, such as education or charitable work. These donations are considered restricted assets as they can only be used for that specific program or purpose.

y. Other Investment Income – Consists of releases from restriction on St. John Fisher funds for seminarian tuition costs.

Administrative Offices Reconciliation to Net Change in Cash and Investments Assumptions

z. Change in Working Capital – Measures the difference between the Diocese's current assets and current liabilities. Assumes slightly negative net working capital over the projection period.

aa. Depreciation / Amortization, Accretion, and Other – adds back the non-cash expense of capitalized items in order to reconcile cash.

Administrative Offices Reconciliation to Net Available Cash Assumptions

bb. CMA Cash – Reduces available cash by the balance in the CMA accounts.

cc. NSA Cash – Reduces available cash by the balance in the NSA accounts.

dd. Restricted Cash – Reduces available cash by the balance in the Restricted accounts.

ee. Other Non-Operating Cash – Reduces available cash by the balance in the Schwab stock donation, Pastoral Musicians and Suffolk County Bank accounts.

Assumptions for Table 2-3: Protected Self Insurance Program Projections

	Growth Rates (%)			Annual Projections ($)				
	FY 2023	FY 2024	FY 2025+	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Cash Inflows - Monthly Increases (%)								
Parish Premiums	12.0%	12.0%	12.0%	21,102,484	23,634,782	26,470,956	29,647,470	33,205,167
Bad Debt Expense	(5.0%)	(5.0%)	(5.0%)	(1,055,124)	(1,181,739)	(1,323,548)	(1,482,374)	(1,660,258)
Premium Finance Proceeds	NA	NM	14.0%	12,658,216	14,430,366	16,450,617	18,753,704	21,379,222
WC Bond Interest	–	–	–	8,000	8,000	8,000	8,000	8,000
Insurance Recoveries	3.0%	3.0%	3.0%	3,613,900	3,722,317	3,833,986	3,949,006	4,067,476
Administrative Services Income	*2.0%*	*2.0%*	*2.0%*	124,848	127,345	129,892	132,490	135,139
Money Market Interest				484,635	418,029	338,101	298,137	284,815
Other Income				7,266	7,267	7,268	7,271	7,278
Cash Outflows - Monthly Increases (%)								
Claims Expense	(25.0%)	3.0%	3.0%	4,536,093	4,689,096	4,846,689	5,009,009	5,176,200
Insurance Premiums	9.0%	14.0%	14.0%	18,083,166	20,614,809	23,500,882	26,791,006	30,541,746
Premium Finance Repayments & Interest	NA	4,707.2%	56.2%	8,930,703	13,952,808	15,906,201	18,133,069	20,671,698
Legal Fees	2.5%	2.5%	2.5%	226,089	231,741	237,535	243,473	249,560
Ch. 11 Professional Fees [1]	*NA*	*NA*	*NA*	–	–	–	–	–
WC Assessments & Other Insurance Costs	2.0%	2.0%	2.0%	312,886	319,144	325,527	332,037	338,678
Payroll & Benefits	19.7%	5.0%	5.0%	846,812	889,153	933,611	980,291	1,029,306
DRVC Pension / 403B	5.0%	5.0%	5.0%	62,763	65,901	69,196	72,656	76,289
DRVC Medical	10.0%	10.0%	5.0%	63,231	66,393	69,712	73,198	76,858
Other Accounts Payable	50.0%	50.0%	2.0%	641,246	653,942	666,891	680,099	693,571

Notes:

1 *Ch. 11 Pro Fees, in the forecast period, are assumed end in August 2023.*

Table 2-3: Protected Self Insurance Program Projections

$ in thousands	Assumption Paragraph	6+6 FY 2023	Forecast FY 2024	Forecast FY 2025	Forecast FY 2026	Forecast FY 2027	Forecast FY 2028
Cash Inflows							
Premiums from Parishes	A	17,899.4	20,047.4	22,453.0	25,147.4	28,165.1	31,544.9
Premium Finance Funding	B	1,097.5	12,658.2	14,430.4	16,450.6	18,753.7	21,379.2
Other Income	C	600.5	499.9	433.3	353.4	313.4	300.1
Insurance Recoveries	D	3,508.6	3,613.9	3,722.3	3,834.0	3,949.0	4,067.5
Administrative services income, net	E	122.4	124.8	127.3	129.9	132.5	135.1
Total Cash Inflows		**23,228.5**	**36,944.2**	**41,166.4**	**45,915.3**	**51,313.7**	**57,426.8**
Cash Outflows							
Operating Disbursements							
Payroll and Benefits	F	(923.7)	(972.8)	(1,021.4)	(1,072.5)	(1,126.1)	(1,182.5)
Claims Expense	G	(4,339.4)	(4,536.1)	(4,689.1)	(4,846.7)	(5,009.0)	(5,176.2)
Insurance Premiums	H	(15,862.4)	(18,083.2)	(20,614.8)	(23,500.9)	(26,791.0)	(30,541.7)
Premium Finance Repayments & Interest	I	(185.8)	(8,930.7)	(13,952.8)	(15,906.2)	(18,133.1)	(20,671.7)
Other Insurance Costs	J	(306.8)	(312.9)	(319.1)	(325.5)	(332.0)	(338.7)
Legal Fees	K	(220.6)	(226.1)	(231.7)	(237.5)	(243.5)	(249.6)
Pastoral Care	L	(274.8)	-	-	-	-	-
Other Expenses	M	(429.7)	(641.2)	(653.9)	(666.9)	(680.1)	(693.6)
Total Operating Disbursements		(22,543.1)	(33,703.0)	(41,483.0)	(46,556.2)	(52,314.8)	(58,853.9)
Total Operating Cash Flows		**685.5**	**3,241.2**	**(316.6)**	**(641.0)**	**(1,001.1)**	**(1,427.1)**
Non-Operating Cash Flows							
Chapter 11 Professional fees	N	(1,911.1)	-	-	-	-	-
Funds Held for Others	O	1,003.1	-	-	-	-	-
Plan Disbursements	P	(2,500.0)	-	-	-	-	-
Total Non-Operating Cash Flows		(3,408.0)	-	-	-	-	-
Total Cash Inflows/(Outflows)		**(2,722.6)**	**3,241.2**	**(316.6)**	**(641.0)**	**(1,001.1)**	**(1,427.1)**
Beginning Cash Balance		**$ 24,361.7**	**$ 21,639.1**	**$ 24,880.4**	**$ 24,563.7**	**$ 23,922.8**	**$ 22,921.6**
Change in Cash		(2,722.6)	3,241.2	(316.6)	(641.0)	(1,001.1)	(1,427.1)
Ending Cash Balance		**$ 21,639.1**	**$ 24,880.4**	**$ 24,563.7**	**$ 23,922.8**	**$ 22,921.6**	**$ 21,494.6**

PSIP Receipts Assumptions

a. Premiums – Consists of property and casualty premiums paid by parishes and other entities within the Diocese to the Debtor. Assumes 12% annual growth.

b. Premium Finance Funding – Consists of borrowing by the Diocese to eliminate the timing gap associated with funding premiums to third party insurers (which are paid primarily in April and November) prior to receiving premiums from parish (which are paid throughout the year).

c. Other Income – Consists of workers' compensation bond interest and interest earned on excess cash invested in money market accounts. Assumes variable money market interest income averaging $365,000 annually, $8,000 of interest on the workers' compensation deposit posted with the State of New York, and $7,000 of other income in 2024 and beyond.

d. Insurance Recoveries – Consists of payments from third-party insurers through whom the Debtor has procured reinsurance. Such payments are typically paid as reimbursements for claims already paid by the Debtor, but are paid in advance in certain circumstances. Assumes $3.5 million of recoveries in 2023 with 3% annual growth in recoveries in 2023 and beyond.

e. Administrative Services Income – Represents receipts related to administrative services provided by PSIP on behalf of third parties prior to filing for chapter 11. Assumes 2% annual growth in 2024 and beyond.

PSIP Operating Disbursement Assumptions

f. Payroll & Benefits – Consists of salary and benefit payments to individuals working in the Debtor's risk management function. Assumes 5% annual wage growth and 10% annual increase in medical benefits costs in 2024 and beyond.

g. Claims Expense – Consists of claims payments made by the diocese against claims from other entities within the diocese and/or their employees. Assumes approximately 3% annual growth in claims expense in 2024 and beyond.

h. Insurance Premiums – Consists of payments by the Debtor to third-party insurers to reinsure risks underwritten by PSIP. Assumes 14% annual growth beyond 2023.

i. Premium Finance Repayment & Interest – Consists of repayments of the Premium Finance Funding included in cash inflows along with payment of the associated interest expense.

j. Other Insurance Costs – Consists of worker's compensation assessments, broker fees, adjuster fees, actuary costs, and insurance software licenses. Assumes 2.0% annual growth in Other Insurance Costs in 2024 and beyond.

k. Legal Fees – Consists of ordinary course legal fees related to the administration of PSIP. Assumes 2.5% annual increase in legal fees in 2024 and beyond.

l. Pastoral Care – Consists of payments made by the Debtor for psychological counseling, therapy, and related treatment for victims of abuse. Assumes these costs are paid by a settlement trust post-emergence (assumed to be August 31, 2023).

m. Other Expenses – Consists of other ordinary course operating expenses incurred by PSIP. Assumed to grow at 2% annually in 2024 and beyond.

n. Chapter 11 Professional Fees – Consists of costs associated with the retained professionals in this chapter 11 case. Assumes all unpaid fees incurred during the chapter 11 case are paid or escrowed upon emergence.

o. Funds Held for Others – Consists of funds held in trust for the benefit of others.

p. Plan Disbursements – Consists of a $2.5 million PSIP contribution in FY 2023.

III. Reservation of Rights

My opinions herein are based solely on the information available and work performed through the date of this report. I reserve the right to supplement my opinion should further information be produced, and to respond to any expert opinions offered by, or on behalf of, the parties to this matter. My testimony may also supplement this report. This report is therefore subject to change or modification should additional relevant information become available that bears on the analyses, opinions, or conclusions contained herein.

Selected pages from the documents and information considered may be used as exhibits at trial. Additionally, I may prepare graphical or illustrative exhibits based on the documents and information considered.

If called upon to testify, I could and would competently testify to the facts set forth herein.

Respectfully submitted,

Charles M. Moore

Charles M. Moore
Restructuring Advisor to The Roman Catholic Diocese of Rockville Centre, New York
April 17, 2023

Exhibit A

Curriculum Vitae & Articles Written in Last Ten Years

CURRICULUM VITAE

Charles M. Moore, CPA

EXPERIENCE

Charles Moore is a Managing Director within Alvarez & Marsal's North American restructuring division. He brings more than twenty-five years of experience in operational and financial restructuring, turnaround consulting, performance improvement and interim management. He serves under-performing organizations, as well as financially distressed municipalities and their constituents.

Mr. Moore is nationally recognized for his work in the automotive industry. He has counseled more than seventy-five companies in the industry across all component parts segments. Mr. Moore regularly advises Tier I and Tier II automotive suppliers, along with secured lenders and equity investors, on matters such as liquidity management, mergers & acquisitions, capital raise, negotiation of commercial issues, cost accounting and operational analysis, cost reductions, negotiations with unions and customers, and strategic planning.

Mr. Moore also has deep experience in the power and utilities industry and recently served as Chief Restructuring Officer of FirstEnergy Solutions, a merchant power generator with generation assets encompassing coal and nuclear fuel sources, with capability of generating approximately 50 TWhs annually, as well as a retail business selling approximately 40 TWhs annually. Mr. Moore also provided advisory services to the Governance Committee of the Board of NRG REMA, LLC, a merchant power generator and subsidiary of GenOn, Inc.

Mr. Moore also has experience with mass tort cases. He currently serves as restructuring advisor to the Diocese of Rockville Centre, New York in its chapter 11 proceeding and has worked with other Catholic dioceses outside of chapter 11. Mr. Moore also provided advisory services to the Official Committee of Tort Claimants in the Takata chapter 11 proceeding, which involved the largest recall of vehicles in the history of the automotive industry.

Mr. Moore led the team that provided operational restructuring services to the City of Detroit and facilitated the creation of the $1.7 billion Reinvestment Plan, the cornerstone of the City's Plan of Adjustment in emerging from bankruptcy in December 2014.

Mr. Moore has served as an expert witness in bankruptcy and commercial litigation matters and has held fiduciary roles, including Liquidating Trustee and Special Fiduciary.

Prior to joining A&M, Mr. Moore was a Senior Managing Director at Conway MacKenzie, Inc. Earlier in his career, he served as Chief Financial Officer for Horizon Technology Group. He began his career in the Management Solutions & Services group at Deloitte & Touche.

Mr. Moore is a Certified Public Accountant, a Certified Turnaround Professional and is certified in Financial Forensics. He earned his Bachelor of Arts degree in Accounting and a Master's degree in Business Administration in Professional Accounting, both from the Eli Broad College of Business at Michigan State University

ARTICLES WRITTEN IN THE LAST TEN YEARS

"Check Engine: Rules of the Road to Navigate Upcoming Auto Distress"
American Bankruptcy Institute Journal, January 2018

"Power Industry Overview and 2020 Outlook: An Industry in Transition"
AIRA Journal, February 2020

"The COVID Crisis: A Catalyst for Change in Catholic Education"
Alvarez & Marsal, April 2020

"Planning for a Highly Uncertain 2021 in the Automotive Sector"
Alvarez & Marsal, December 2020

"Inventory and Sales Volumes Continue to Decline as Chip Shortage Woes Persist"
Alvarez & Marsal, Monthly Automotive Spotlight, August 2021

"Supply Chain Disruptions Continue to Weigh on Industry Performance"
Alvarez & Marsal, Monthly Automotive Spotlight, October 2021

"Three Areas of Focus to Prepare for the Next Crisis"
National Association of Corporate Directors BoardTalk, October 2021

"Industry Remains in Flux as Inventory Wanes Due to Persisting Supply Chain Issues"
Alvarez & Marsal, Monthly Automotive Spotlight, October 2021

"Despite Signs That the Production Trough Has Passed, Industry Woes Are Far from Over"
Alvarez & Marsal, Monthly Automotive Spotlight, November 2021

"Automakers Seek to Enhance Supply Chains to Aid in The Transition to Electric Vehicles"
Alvarez & Marsal, Monthly Automotive Spotlight, December 2021

"2022 & Beyond: Continued Challenges in the Automotive Supply Chain"
Alvarez & Marsal with Jones Day, January 2022

"The Automotive Industry Continues to Look Towards an Electric Future While Supply Issues Hinder Current Performance"
Alvarez & Marsal, Monthly Automotive Spotlight, January 2022

"Canadian Border Protests Add New Issue to Persisting Supply Chain Distress"
Alvarez & Marsal, Monthly Automotive Spotlight, February 2022

"Industry Supply Chain Issues Further Exacerbated by Russia-Ukraine Conflict"
Alvarez & Marsal, Monthly Automotive Spotlight, March 2022

"The Electric Transition Continues Despite Persisting Supply Chain Challenges"
Alvarez & Marsal, Monthly Automotive Spotlight, April 2022

"Despite Fewer Production Shutdowns and Increasing Sales, Supply Chain Issues Are Far from Over"
Alvarez & Marsal, Monthly Automotive Spotlight, May 2022

"The Industry Continues to Work Around Depressed Inventory Levels and A&M Completes Its Three-Part Series on Electric Vehicle Adoption"
Alvarez & Marsal, Monthly Automotive Spotlight, June 2022

"Industry Remains Stagnant, While Recession Fears Grow Amid Slower Demand"
Alvarez & Marsal, Monthly Automotive Spotlight, July 2022

"The Industry Continues to Battle Disrupted Supply Chains and Lower Production, While Sales and Inventories Remain Consistently Low"
Alvarez & Marsal, Monthly Automotive Spotlight, August 2022

"Global Economic Conditions Remain Unfavorable, and A&M Finishes Its Tow-Part Series on Expanding Business Opportunities for OEMS and Suppliers"
Alvarez & Marsal, Monthly Automotive Spotlight, September 2022

"Production Cuts Expected to Continue in 2023, With No Clear End in Sight for the Chip Shortage or Supply Chain Issues; Macroeconomic Forces Creating Uncertainty for Vehicle Sales"
Alvarez & Marsal, Monthly Automotive Spotlight, September 2022

"Mixed Q3 2022 Financial Results, Continued Production Issues and an Improving Microchip Outlook Result in an Unclear Path Ahead Moving into 2023"
Alvarez & Marsal, Monthly Automotive Spotlight, November 2022

"Covid-19 and Semiconductor Issues Reemerge, Weighing on Production and Industry Performance"
Alvarez & Marsal, Monthly Automotive Spotlight, December 2022

"Inventory Continues to Rebound as Pricing Pressures Mount and Detroit's Big Three Prepare for Labor Negotiations"
Alvarez & Marsal, Monthly Automotive Spotlight, January 2023

"Electric Vehicle Competition Heats Up as Supply Chain and Inventory Issues Linger"
Alvarez & Marsal, Monthly Automotive Spotlight, February 2023

"Production Cuts Increase as Chip Shortage and Supply Chain Issues Persist"
Alvarez & Marsal, Monthly Automotive Spotlight, March 2023

Exhibit B

Prior Testimony

PRIOR TESTIMONY

Named Expert:

- **FirstEnergy Solutions Corp., et al. – U.S. Bankruptcy Court, Northern District of Ohio**
    - Qualified as Expert, Provided Testimony in Deposition and at Confirmation Hearing (2019)
- **City of Detroit, Michigan – U.S. Bankruptcy Court, Eastern District of Michigan**
    - Qualified as Expert, Provided Testimony in Deposition and at Trial (2014)
- **City of Stockton, California – U.S. Bankruptcy Court, Eastern District of California**
    - Qualified as Expert, Provided Testimony in Deposition and at Trial (2014)
- **Munivest - U.S. Bankruptcy Court, Eastern District of Michigan**
    - Named Expert and Published a Report (2012)
- **Richard Lewiston - U.S Bankruptcy Court, Eastern District of Michigan**
    - Named Expert (2012)
- **General Motors Corporation, et al. v. Weber Automotive Corporation, et al. - U.S. District Court, Eastern District of Michigan**
    - Named Expert and Provided Testimony in Deposition (2012)
- **Contech - U.S. Bankruptcy Court, Eastern District of Michigan**
    - Named Expert (2011)
- **Greektown Holdings, LLC, et al., U.S. Bankruptcy Court, Eastern District of Michigan**
    - Qualified as Expert and Provided Testimony in Multiple Depositions and Adversary Proceedings (2008 – 2010)

Fact Witness Testimony:

- **The Roman Catholic Diocese of Rockville Centre, New York – U.S. Bankruptcy Court, SD NY**
    - Provided Fact Testimony at Deposition (2023)
- **FirstEnergy Solutions Corp. – U.S. Bankruptcy Court, Northern District of Ohio**
    - Provided Fact Testimony at Trial (2018) and Deposition (2019)
- **City of Detroit - U.S. Bankruptcy Court, Eastern District of Michigan**
    - Provided Fact Testimony in Multiple Depositions and Eligibility Trial (2013)
- **Cynergy Data, LLC - U.S. Bankruptcy Court, District of Delaware**
    - Provided Fact Testimony in Deposition (2011)
- **Hastings Manufacturing Company - U.S. Bankruptcy Court, Western District of Michigan**
    - Provided Fact Testimony in Adversary Proceeding Trial (2005)
- **Wohlert Corporation - U.S. Bankruptcy Court, Western District of Michigan**
    - Provided Fact Testimony in Adversary Proceeding Trial (2003)
- **DCT, Inc. - U.S. Bankruptcy Court, Eastern District of Michigan**
    - Provided Fact Testimony at Trial (2002)

Exhibit C

Materials Considered

MATERIALS CONSIDERED

1. The UCC's motion to dismiss [Docket 1912]
2. Monthly Operating Reports [Dockets 206, 301, 338, 380, 426, 485, 526, 582, 641, 647, 718, 742, 762, 811, 889, 949, 970, 992, 1052, 1089, 1137, 1184, 1238, 1295, 1331, 1392, 1490, 1547, 1624, 1723, 1982]
3. Register of CVA cases [Adversary Docket 169]
4. Claims Register for the Diocese's chapter 11 case as of 4/11/2023
5. Trial balance as of 2/28/2023 (including sub-ledgers)
6. Bids received for Spectrum and tower assets
7. Jefferies retention order
8. Estimate for cost to defend per case included in affidavit filed in support of a motion for a stay pending appeal of the Diocese's motion to dismiss several state court CVA cases pending prior to the Diocese's bankruptcy filing.
9. Historical financial statements (FY14 – FY22)
10. FY2023 budget
11. PSIP insurance letter to parishes
12. Spectrum leases
13. Revised lease rate tables from T-Mobile
14. Debtor's Plan of Reorganization [Docket 1614] and Disclosure Statement [Docket 1615]
15. UCC's First Amended Plan of Reorganization [Docket 1643] and Disclosure Statement [Docket 1644]
16. Other pleadings filed on the Chapter 11 docket during the case